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CENTRAL INTELLIGENCE AGENCY

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## INFORMATION REPORT

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CD NO.

COUNTRY Korea

DATE DISTR. 5 February 1953

SUBJECT Procedure of North Korean Army Units  
In Purchasing from County Governments

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1. On 6 November 1952, when a North Korean army unit needed to purchase food, ammunition, or lumber from the county government in the county where it was stationed, the unit commander made application to the North Korean Army Rear Service Bureau. The Rear Service Bureau then issued a receipt and credit memo to the unit commander for delivery to the North Korean Cabinet Purchasing Department. This department then completed three issue slips: one for its own records, one for the Rear Service Bureau and one for the purchasing section of the local county government. The army unit then received the goods from the county government and signed a receipt for them.

2. The purchasing section of the county government then took the credit memo and receipt to the area accounting bank and requested a transfer deposit be made to its account for the sum mentioned in the credit memo and receipt. The area accounting bank issued a payment slip and sent the credit memo and receipt to the North Korean Central Bank. The Central Bank confirmed the documents through the Rear Service Bureau. Both the army unit which had made the purchase and the Rear Service Bureau had accounts in the Central Bank. When confirmation of the purchase had been made, the Central Bank transferred the money from one account to the other. The money was then transferred to the area accounting bank, where it was credited to the account of the county purchasing section. A five percent interest charge was imposed upon the Rear Service Bureau if the payment was not made before the payment period expired. However, the charge was never collected, since all transfer of the money was handled by the Central Bank.

3. When the army unit making a purchase wished to pay cash, it was still required to make an application to the Rear Service Bureau and receive a credit memo and deliver it to the purchasing section of the county government. The purchasing section then issued the goods and gave a receipt for the money received. The money was deposited at the area accounting bank with a detailed

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list of the goods purchased.

4. If the army unit making a purchase wished to make a direct payment to the North Korean Cabinet Purchasing Department, it received an issue slip signed by the department chief. The unit then delivered the receipt to the county purchasing section and took the goods.
5. No matter how urgently the goods were needed by the army unit, it had to follow one of the procedures outlined above before it could receive goods from the county government.

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